No. 87-729

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1987

BARIENT, INC. AND BARLOW MARINE, LTD.,
Petitioners,

CORRECTED COPY

VS.

LEWMAR MARINE, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED

Should this Court's classic test for invalidity of a patent[1] be modified as the Court of Appeals for the Federal Circuit modified it in this case[2] to produce an unconstitutional result that a valid patent can issue which covers a public domain product under the doctrine of equivalents?

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[1] That which will infringe, if later, will anticipate, if earlier. Thus a claim fails to meet the novelty requirement if it covers or reads on a product or process found in a single source in the prior art.

[2] "While 'the classic test of anticipation' was indeed as stated, under the current statute 'anticipation' does not carry the same meaning as before, and the classic 'test' must be modified to: That which would *literally* infringe if later in time anticipates if earlier than the date of invention."

RULE 28 STATEMENT

Petitioner Barient, Inc., a California corporation, is a wholly owned subsidiary of Petitioner Barlow Marine, Ltd., an Australian corporation, which is in turn a wholly owned subsidiary of Masport Limited, a New Zealand corporation. Both petitioners are referred to collectively as Barient since the principal products charged with infringement and the prior art products were made by Barient in the United States prior to its acquisition by Barlow. For the purpose of this rule Barient may be considered to be affiliated with International Marine Industries, Inc., a Delaware corporation.

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Barient, Inc. and Barlow Marine, Ltd. petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the Court of Appeals for the Federal Circuit, Appendix A, is reported at 827 F.2d 744 and 3 USPQ2d 1766, and the opinion of the District Court for the District of Rhode Island, Appendix B, is not reported.

JURISDICTION

The judgment of the Court of Appeals, Appendix C, was entered August 25, 1987. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

Article I, Section 8 of the U. S. Constitution provides:

> "The Congress shall have the power . . . *To promote the progress of science and useful arts*, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." (Emphasis added)

Section 102 of Title 35 U.S.C. provides in pertinent part:

> "A person shall be entitled to a patent unless—(a) *the invention* was known or used by others in this country . . . before the invention thereof by the applicant for patent, or (b) *the invention* was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States,." (Emphasis added)

STATEMENT OF THE CASE

This is a patent infringement case between the two largest manufacturers of sailboat winches in the world in which respondent Lewmar charged patent infringement against petitioner Barient. Barient defended on the ground that Barient had made an earlier product, the American Eagle Winch, for the 1964 America Cup defense, and the Lewmar patents were invalid because the structure of the American Eagle Winch would have infringed the Lewmar patents if the American Eagle Winch had been made later than the patents instead of earlier. The District Court sustained the defense finding that the American Eagle Winch would have infringed the patents if it had been later than the patents.

The District Court made detailed findings of how the American Eagle Winch infringed the patents, and from the finding of infringement concluded that the American Eagle Winch anticipated and hence invalidated the patents under the classic rule, "That which will infringe, if later, will anticipate, if earlier."

The Court of Appeals for the Federal Circuit reversed by analyzing the conclusion of "anticipation" rather than the premise that the American Eagle Winch would have infringed the patents if it had been made after the patents instead of before. The

appeals court held that the word "anticipation" has a new and more restrictive meaning under the modern statute and that the American Eagle Winch doesn't meet this new meaning of the word "anticipation."

The Court of Appeals said in Section II of its opinion:

> "Anticipation under 35 U.S.C. § 102 requires the presence in a single prior art disclosure of each and every element of a claimed invention. (Citing) The district court acknowledged that basic principle, slip op. at 21-22, but went on to make the following observations:
>
> > 'As the defendants put it, "(t)hat which infringes if later in time will anticipate if earlier than the patent . . . The inquiry as to anticipation is symmetrical with the inquiry as to infringement of a patent." The classic test of anticipation provides: "That which will infringe, if later, will anticipate, if earlier. Thus a claim fails to meet the novelty requirement if it covers or reads on a product or process found in a single source in the prior art.'
>
> Id. at 22. While 'the classic test of anticipation' was indeed as stated, (citing Supreme Court cases) under the current statute 'anticipation' does not carry the same meaning as before, and the 'classic test' must be modified to: That which would *literally* infringe if later in time anticipates if earlier than the date of invention.
>
> As noted in (citing) prior to the Patent Act of 1952, the term 'anticipation' was used in a broader sense than it is today. The pre-1952 cases often used the term 'anticipation' to mean that the subject matter of the claims either was found exactly in the prior art (i.e., lacked novelty) or, though different, was not 'inventive' over the prior art. (citing). In the 1952 Act, Congress replaced the latter concept with 35 U.S.C. § 103, the requirement of nonobviousness. (citing). 'Anticipation' thereafter became a restricted term of art in patent law meaning that the claimed invention lacked novelty, or was unpatentable under 35 U.S.C. § 102. (citing). It is as a restrictive term of art that the word is used in this

> opinion. All infringements of a device do not 'anticipate' in this sense. Some may be infringements under the doctrine of equivalents which, if one wished to draw a parallel, is somewhat akin to obviousness."

The court of appeals went on to make its own findings that the American Eagle Winch did not *literally* infringe and hence did not anticipate, but the appeals court did not set aside the District Court's basic finding that the American Eagle Winch would have infringed the patents in the broader sense of the word "infringement" not limited to *literal* infringement.[3]

The Court of Appeals entered a subsequent order on October 16, 1987, Appendix D, in connection with an award of costs in which the court made it clear that it intended its opinion to hold what Petitioners contend is unconstitutional, namely that a public domain device which anticipates under the doctrine of equivalents does not invalidate a patent. The court said:

> "In its opposition Barient states *inter alia*: Presumably, the District Court on remand will have to apply the criteria of 35 USC § 103 and the rule, 'That which would infringe (under the doctrine of equivalence), if later, will invalidate if earlier.'
>
> This court did not so hold, and it would be misleading and could cause confusion of the trial court on remand to advance that argument."

REASONS FOR GRANTING REVIEW

The Federal Circuit admitted that it has announced a modification of a classic rule of this Court. The classic rule of this Court

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[3] In footnote 6, the Federal Circuit expressly refused to consider whether the American Eagle Winch infringed the claims under the doctrine of equivalents. On November 6, 1987 Petitioners' counsel received an unsigned notice from the Court of Appeals for the Federal Circuit dated October 15, 1987 and mailed November 3, 1987 entitled Errata and reading as follows: "Please make the following changes: *Page 12, line 5,* delete footnote symbol 6 and text therefore. Renumber subsequent footnotes."

has been followed for almost a century. *SEE: Miller v. Eagle Mfg. Co.*, 151 U.S. 186, 203 (1894); *Knapp v. Morss*, 150 U.S. 221, 228 (1893); *Commercial Mfg. Co. v. Fairbank Canning Co.*, 135 U.S. 176, 194 (1890); *Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889). This new modification is, "That which would *literally* infringe if later in time anticipates if earlier than the date of invention."

The new modified rule announced by the Federal Circuit is unconstitutional, to the extent that it permits a valid patent to issue which would be infringed under the doctrine of equivalents by a device in the public domain, and however construed, the court's modification of a long-standing "classic rule" does not justify reversal of the District Court's conclusion that the Lewmar patents are invalid.

Prior to the Statute of Monopolies in 1623, patents were issued for many reasons, but the Statute of Monopolies restricted the issuance of patents to inventions where the progress of the useful arts is promoted by publishing new inventions in patents.[4] That concept was adopted in our Constitution in the introductory phrase of Article I, Section 8. The power of Congress to issue patents is limited "to promote the progress of science and the useful arts", and this power would be exceeded if valid patents could be issued covering products that were already in the public domain.

However the Federal Circuit's new rule is construed, it does not justify reversal of the judgment below.

The "classic rule" had a premise and a conclusion: That which would infringe if later in time (the premise) anticipates if earlier than the date of invention (the conclusion). The Federal Circuit modification of the "classic rule" is illogical because the decision is based on the semantics of the word "anticipates" in the conclusion of the rule, while the premise of the logical argument remains unchallenged, and the premise (that a public domain device infringes a patent) dictates the conclusion (that the patent is invalid).

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[4] Choate, *Cases & Materials on Patent Law*, 2nd Edition, page 71.

The Federal Circuit put its redefinition of the word "anticipate" in the wrong place by modifying the premise to say, "That which would *literally* infringe if later in time anticipates if earlier than the date of invention" where the court should have modified the conclusion by saying, "That which would infringe if later in time *invalidates*[5] if earlier than the date of invention."

It is illogical to change the premise of a rule to fit a change in the meaning of a word in the conclusion when the exact logic of the rule can be retained by substituting another word in the conclusion for the word whose meaning has changed. The Federal Circuit's decision is worse than illogical when it reverses the judgment below because the facts don't meet the redefined premise though the facts do meet the original premise and the logic of the original conclusion.

The District Court found that the American Eagle Winch infringed the patent claims. This finding was fully supported by claim charts prepared by the District Court. Whatever the Federal Circuit said about the evolving meaning of the word "anticipation", and whether the Federal Circuit was right or not in its own finding that the claims were not "*literally*" infringed, the basic finding of infringement by the District Court remains and it requires the conclusion that the claims are invalid.

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[5] It was this broad concept of invalidity which was the meaning of the word "anticipate" when the courts originally formulated the rule the Federal Circuit now modifies, and this broad concept of invalidity includes several sub-concepts: (1) literal infringement by a public domain device, which the Federal Circuit now calls "anticipation", (2) infringement under the doctrine of equivalents, and (3) lack of invention which is called "obviousness" under the new statue. All of the sub-concepts end up at the same result, however. If an invention is the same as, equivalent to, or an obvious modification of a device in the public domain, a patent on the invention is invalid.

CONCLUSION

One of the principal risks of having a specialized court like the Court of Appeals for the Federal Circuit is the risk that specialists make hyper-technical rules in their specialty that ignore the forest for the trees. That is what has happened here, because the Federal Circuit has developed its own hyper-technical meaning for the word "anticipation", a word which does not appear in the statute, and reversed because the District judge didn't use the hyper-technical meaning. In doing so, the Federal Circuit changed the classic rule of the Supreme Court of The United States that the finding of infringement by a public domain device required the conclusion of invalidity of a patent. This Court should grant Certiorari to exercise its supervisory authority and preserve its classic rule which is a matter of constitutional law.

Respectfully Submitted,

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Originally dated October 28, 1987
Corrected November 6, 1987

Court of Appeals, Federal Circuit

Lewmar Marine Inc. v. Barient Inc.

Nos. 86-1412 and 86-1619

Decided August 25, 1987

Before Nies, Bissell, and Archer, Circuit Judges.

Nies, Circuit Judge.

Lewmar Marine, Inc. appeals the July 14, 1986, judgment of the United States District Court for the District of Rhode Island, No. 83-0554 P (May 19, 1986), holding claims 1 and 2 of its United States Patent No. 3,927,580 and claim 11 of its United States Patent No. Re 30,881 invalid as anticipated under 35 U.S.C. § 102 (1982). We reverse the judgment of invalidity. The judgment that Barient, Inc. and Barlow Marine, Ltd. infringed the claims, if valid, was not appealed and, thus, stands. Other defenses apparently remain to be tried.

I

Lewmar, a U.S. subsidiary of a British corporation, sells and services sailboat winches made by its British parent. It also owns two patents directed to sailboat winches. These winches are generally used on large sailboats to ease the burden of manipulating sails, and are of particular importance on racing yachts such as those that compete for the America's Cup. On such a boat, a winch is operated by a sailor, called a "grinder," who turns the winch handle, or "crank," causing the winch drum to rotate and pull the rope, termed a "line" or "sheet," attached to the sail. The winch gives the grinder a mechanical advantage in pulling on the line, the load on which can fluctuate up to 12,000 pounds. At the start of hauling in, however, the sail is loose and little force is needed to pull in the line. At this point the line should be pulled in quickly, using the highest speed of the winch or "first," that is, the winch speed is selected to give the lowest mechanical advantage and, consequently, the highest speed. As the sail fills with wind and the line tightens, the force exerted to overcome the mounting wind pressure must increase. This increase in force is

facilitated by shifting the winch into successively lower gears, that is, gears affording a greater mechanical advantage.

Another sailor, the "tailer," pulls on the end of the line coming off the winch in order to maintain tension on the line, thereby keeping it tightly wound around the winch drum. If the tailer pulls the line at a faster rate than the winch drum is being cranked, as is not uncommon when the line is slack, the winch drum will "overrun" by spinning faster than the grinder is cranking. In early winch designs, drum overrun caused the winch to inadvertently shift to a lower gear, or "override."

In the claimed inventions and in other winches, the gears are changed by reversing the direction in which the crank is turned. The '580 claims are directed to a winch with at least three speeds which can be selected by successive crank reversals, and which will not inadvertently shift upon drum overrun or otherwise.[1] The

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[1] The claims of the '580 patent that are alleged to be infringed are claims 1 and 2. Those claims read:

> 1. A winch in which there are more than two drive trains between a drive shaft and the winch drum offering respectively different drive ratios of drive of the drum in one sense of rotation, at least one of the driving trains having a disconnectable drive means, the ratios being successively engageable by successively opposite directions of rotation of the drive shaft, a preselector operable to determine which one of two of the said drive ratios engageable upon a given said direction of rotation of the drive shaft will be engaged, the preselector being thus operable by causing connection or disconnection of the disconnectable drive means in one of the said drive trains and means automatically to disconnect the disconnectable drive means only upon reversal of the drive shaft from the given said direction of rotation.
>
> 2. A multispeed winch having a static body, a drum, bearing means supporting the drum on the body for rotation about an axis of rotation, a drive shaft, bearing means supporting the drive shaft in the body for rotation about the same axis of rotation, a plurality of drive linkages between the shaft and the drum operable to drive the drum in a single sense of rotation at different speeds upon successive rotation of the drive shaft at the same speed in successively opposite senses of rotation, one of the drive linkages including

'881 claim is directed to a winch with at least three speeds which can shift in the same fashion as the '580 winch but can also be operated as a two-speed winch.[2] The '881 patent discloses a three-speed winch with first and second speed hold, that is, the winch can be operated to shift between first and second and back by successive crank reversals. The need for the different types of operation, three-speed and two-speed, stems from the different types of sail handling necessitated by different types of sailing maneuvers. When sailing into the wind, the three-speed operation

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a manually engageable coupling means having engageable driving and driven members whose engagement constitutes engagement of the coupling, in which condition the driving member is arranged to drive the driven member unidirectionally in a driving sense of rotation upon relative rotation of the driving and driven members in one direction of rotation, the driving member, at least when the coupling means is engaged being operatively connected to the drive shaft for rotation when the drive shaft rotates in either sense, and means for automatically disengaging the coupling only when the drive shaft rotates in one sense of rotation relative to the static body of the winch, the drive linkage in at least the highest of drive ratios including a unidirectional drive means oriented to prevent relative rotation of the driving and driven member in the sense opposite to the said one direction of rotation by the drum through that linkage.

[2] Claim 11 of the '881 patent reads as follows:

11. A manually powered winch comprising: a winch drum rotatable about a central axis; drive input;

at least first, second and third drive trains of respectively different drive ratios between drive input and winch drum;

means for causing successive driving engagement of said second drive train and disengagement of said first drive train upon a first reversal of direction of rotation of the drive input and driving engagement of said third drive train and disengagement of said second drive train upon a second reversal of direction of rotaion of the drive input to drive the drum in one direction of rotation; and

means unaffected by a first reversal of the direction of rotation of the drive input engaging said causing means and operable to override and prevent the engagement of said third train by said causing means so that the first train is engaged upon said second reversal of direction of the drive input.

is used to take advantage of the full range of gears. When sailing with the wind, speed in sail handling is the focus, and the full range of gears is not needed.

Lewmar sued Barient, Inc., a Califorina Corporation, and Barlow Marine, Ltd., Barient's Australian parent (collectively Barient), for infringing claims 1 and 2 of the '580 patent and claim 11 of the '881 patent. Barient defended *inter alia* on the ground that a four-speed winch it had made many years before, the "American Eagle" winch, anticipated each of the claims in issue. The American Eagle winch was designed in 1964 and is so named because it was used on a 12-meter yacht, the American Eagle, which participated in the trials for the 1964 defense of the America's Cup. The district court held that the American Eagle winch anticipated the inventions of all three claims at issue and thus held the claims invalid under 35 U.S.C. § 102(a).

II

Anticipation under 35 U.S.C. § 102 requires the presence in a single prior art disclosure of each and every element of a claimed invention. *Verdegaal Bros., Inc. v. Union Oil Co.*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed Cir. 1987); *Carella v. Starlight Archery*, 804 F.2d 135, 138, 231 USPQ 644, 646 (Fed. Cir.), *modified on reh'g*, 1 USPQ2d 1209 (Fed. Cir. 1986); *Jamesbury Corp. v. Litton Indus. Prods., Inc.*, 756 F.2d 1556, 1560, 225 USPQ 253, 256 (Fed. Cir. 1985); *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1458, 221 USPQ 481, 485 (Fed. Cir. 1984); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548, 220 USPQ 193, 198 (Fed. Cir. 1983). The district court acknowledged that basic principle, slip op. at 21-22, but went on to make the following observations:

> As the defendants put it, "[t]hat which infringes if later in time will anticipate if earlier than the patent . . . . The inquiry as to anticipation is symmetrical with the inquiry as to infringement of a patent." The classic test of anticipation provides: "That which will infringe, if later, will anticipate, if earlier. Thus a claim fails to meet the novelty requirement if

> it covers or reads on a product or process found in a single source in the prior art."

Id. at 22. While "the classic test of anticipation" was indeed as stated,[3] under the current statute "anticipation" does not carry the same meaning as before, and the "classic test" must be modified to: That which would *literally* infringe if later in time anticipates if earlier than the date of invention.

As noted in *Argus Chem. Corp. v. Fibre Glass-Evercoat Co.*, 759 F.2d 10, 14 n.5, 225 USPQ 1100, 1102 n.5 (Fed. Cir.), *cert. denied*, 106 S.Ct. 231 (1985), prior to the Patent Act of 1952, the term "anticipation" was used in a broader sense than it is today. The pre-1952 cases often used the term "anticipation" to mean that the subject matter of the claims either was found exactly in the prior art (i.e., lacked novelty) or, though different, was not "inventive" over the prior art. *See In re Clark*, 522 F.2d 623, 635 n.9, 187 USPQ 209, 219 n.9 (CCPA 1975) Miller, J., concurring). In the 1952 Act, Congress replaced the latter concept with 35 U.S.C. § 103, the requirement of nonobviousness. *See generally* Rich, *Laying the Ghost of the "Invention" Requirement,* 1 APLA Q.J. 26 (1972), *reprinted in Nonobviousness—The Ultimate Condition of Patentability*, 1:501 (J. Witherspoon ed. 1980) (hereinafter *Nonobviousness*); Rich, *The Vague Concept of "Invention" as Replaced by Section 103 of the 1952 Patent Act*, 46 J. Pat. Off. Soc'y 855 (1964), *reprinted in Nonobviousness, supra* at 1:401; P. Federico, *Commentary on the New Patent Law*, 35 U.S.C.A. 1, 20-23 (1954). "Anticipation" thereafter became a restricted term of art in patent law meaning that the claimed invention lacked novelty, or was unpatentable under 35 U.S.C. § 102. *In re Clark*, 552 F.2d at 635 n.9, 187 USPQ at 219 n.9.[4] It

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[3] *See Miller v. Eagle Mfg. Co.*, 151 U.S. 186, 203 (1894); *Knapp v. Morss*, 150 U.S. 221, 228 (1893). *Commercial Mfg. Co. v. Fairbank Canning Co.*, 135 U.S. 176, 194 (1890); *Peters v. Active Mfg. Co*, 129 U.S. 530, 537 (1889).

[4] It is not surprising that the older usage of "anticipation" dies hard and has continued to appear in cases after 1952, e.g., *Tate Engineering Inc. v. United States*, 477 F.2d 1336, 1342, 175 USPQ 115, 119 (Ct. Cl. 1973).

is as a restrictive term of art that the word is used in this opinion. All infringements of a device do not "anticipate" in this sense. Some may be infringements under the doctrine of equivalents which, if one wished to draw a parallel, is somewhat akin to obviousness.

III

The '580 patent specification discloses a winch mechanism which includes the drum and three gear trains in a single pedestal. The drum is turned unidirectionally by a manually operated crank. Since the invention requires at least three speeds and the crank operates in only two directions of rotation, the same direction of the crank must, therefore, be used for more than one speed. The prior art shows two-speed winches where the change in gears, e.g., from first to second and back to first, is accomplished upon reversal of the crank. It also shows three-speed winches which had a problem of shifting inadvertently because of drum override, and four-speed winches which change speed by operating a clutch at the time of moving from second to third. Lewmar assets that its '580 patent was the first to combine, in a single winch, override protection and automatic shifting through three gears only upon crank reversal.

According to the specification, the grinder pre-selects first speed by pressing a button in the hub of the crank handle which engages a clutch member with the first speed gear train. Upon crank reversal, the clutch member disengages from the first speed gear train because of the configuration of the mating clutch and gear teeth and the second speed gear train engages. On next reversal, the winch shifts to third (rather than first) because of the previous disengagement of the clutch member. Thus, after pre-setting in first, the '580 winch will progress automatically, that is, without further adjustments, through first, second, and third upon successive reversals of the crank. The invention of the '881 patent has the improvement of being able to lock out the third speed and thereby use first and second on successive crank reversals, i.e., 1-2-1-2. This improved winch was used on nine yachts in the 1983 America's Cup Race.

The American Eagle winch which the district court found anticipated each of the subject claims is a four-speed winch with planetary gears. The gears shift from first to second upon crank reversal. In the high range (1-2) the teeth on the face of the ring gear are engaged with corresponding teeth in the base of the pedestal acting as a clutch. By operation of a foot pedal, the clutch is disengaged, the planetary gear system drops away from the pedestal base, and the ring gear is free to rotate. Operation of the gear system in this position by crank rotation affords the low range, speeds 3 and 4. Speeds 1 and 3 are thus obtained in one direction of rotation of the crank handle and speeds 2 and 4 in the other.

The court described the operation as follows:

> As I have already explained, the three speed automatic shifting of the American Eagle winch involves speeds 2, 3 and 4. With the winch being operated in speed 2, the foot pedal is pressed to the low speed range and the winch will continue in speed 2 as long as there is tension on the crank handles. The torsion spring exerts a counterbalancing force on the planetary gears to prevent them from dropping down and causing engagement of the low speed range gear train. *When the tension on the winch handles is removed or the direction of cranking is reversed,*[5] the selector compression

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[5] Barient does not dispute that the American Eagle winch shifted from high 1-2 range to low 3-4 range on release of pressure on the crank handle. Barient explains an incongruous statement in footnote three of the district court's opinion, that disconnection on release of tension was due to an improperly adjusted spring, as referring not to the American Eagle but to another winch. There is simply no evidence that the American Eagle winch did not change from high to low range upon release of pressing on the crank handle thereby causing it to shift out of second. The only evidence on this point is the testimony of Guangorena, that the spring was properly adjusted, and the testimony of Huggett, that the spring could not be adjusted. Further, Barient's witness Mr. James Michael testified that, operating under wind conditions, the grinders needed to maintain pressure on the crank handle of the American Eagle winches in order to avoid inadvertent shifting, from second speed to fourth speed. Lewmar's witness Mr. William McKay, Jr., who had

> spring (compressed during pedal depression to low speed range) exerts sufficient force on the selector level/carrier shifter to cause the planetary years to drop down into the low speed range position; the winch on this reversal goes into speed 3 and a further reversal causes the winch drum to turn as speed 4, thus completing the automatic three speed shifting cycle from second to third to fourth.
>
> Without the torsion spring, the winch would not be able to shift automatically through a three speed range. Instead the shifting would be automatic only through speeds 3 and 4 since the instant the foot pedal was depressed to select the low range, the planetary gears would drop by their own weight to cause engagement of the low speed (3/4) range. Therefore, the properly adjusted torsion spring is a necessary component to allow automatic shifting over a three speed range.

Slip op. at 23-24 (emphasis added).

A major dispute between the parties is whether the American Eagle winch actually had the torsion spring which was necessary to prevent immediate shifting (changing from the high 1-2 range to the lower 3-4 range) upon depressing the foot pedal. The district court found from the testimony that the torsion spring was not a later addition, and we will accept that as a fact for purposes of our analysis.

The question we address is whether the above-described mechanism meets the limitation "means as automatically to disconnect the disconnectable drive means only upon reversal of the drive shaft from the given said direction of rotation" of claim 1 and comparable language of claim 2.[6] We conclude it does not.

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inspected another Mark II winch aboard the yacht Barlovento, confirmed Michael's testimony. Guangorena's testimony is also in accord with the finding set out in the body of the opinion. Since the statement in the footnote is inexplicable, it need concern us no further.

[6] We note that the mechanism described in the specification for the invention is substantially different from the American Eagle mechanism. Those differences raise questions of equivalency of structure under 35 U.S.C. § 112, para. 6. *Data Line Corp. v. Micro Technologies, Inc.*, 813

The claim limitation could possibly read on the American Eagle winch if the word "only" did not appear in that clause. The word "only," however, is there and may not be read out of the claim. Indeed, in determining validity, a claim must be construed to uphold its validity if possible. *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577, 221 USPQ 929, 932 (Fed. Cir. 1984). Here, the district court construed the word "only" unnecessarily in a manner which led to a finding of anticipation.

The district court interpreted the term "only" in claims 1 and 2 of the '580 patent as follows:

> The word "only" is used in an operational sense, i.e., where the winch is being operated (with tension on the handles) the disconnectable drive means will automatically disconnect *only* on crank reversal.

Slip op. at 33 n.3. The court's interpretation of the word "only" to mean when the winch was being operated under a load is contrary to the inventor's description of his invention and to the invention's purpose stated in the specification. The court did not refer to the specification in its opinion and apparently did not consider it. This was error.

The specification of the '580 patent states that one of the problems which the claimed invention sought to overcome was that "one of the gears [in prior art devices] can slip out of engagement whenever pressure is taken off the crank handle." The claims, as interpreted by the specification, do not use "only" in an operational sense, but in an absolute sense. That the claims use "only" in an absolute sense is bolstered by the prosecution history. The inventor's attorney argued to the patent examiner that one of the "two essential legs of the present invention" is the "means preventing spurious automatic operation." Barient points out that, during prosecution, Lewmar distinguished certain prior art as inadvertently shifting upon drum overrun. From that argument, Barient asserts that the scope of the claimed invention is limited to preventing surious automatic shifting *as a result of*

F.2d 1196, 1 USPQ2d 2052 (Fed. Cir. 1987). That issue is not reached here because the claims do not literally read on the alleged anticipatory device.

drum overrun. We disagree. Nothing in the specification or prosecution history limits the claimed invention to preventing inadvertent shifts due to drum overrun. The district court's interpretation of the term "only" as limited in an operational sense, i.e., "only" except for pressure on the crank handle, is contrary to the specification and the prosecution history, and thus is wrong as a matter of law.

When claims 1 and 2 are properly interpreted, the American Eagle winch does not anticipate because shifting does not occur *only* upon crank reversal. That winch does shift from second to third only upon reversal. However, it will also shift from second to fourth if pressure is released from the crank and the crank is then turned in the same direction of rotation. Thus, shifting does not occur *only* upon the grinder's *reversing* the direction of his cranking.

Barient argues that release of pressure on the crank handle necessarily results in a slight reversal of the drive shaft and that, therefore, shifting literally occurs "only upon reversal of the drive shaft" (claim 1) and "only when the drive shaft rotates in one sense of direction" (claim 2). Thus, per Barient, those winches meet the limitations literally, even if the term "only" is interpreted in an absolute sense. Barient points to testimony of Jesus Guangorena, the designer of Barient's winches, and Marshall Dann, Lewmar's expert witness, to the effect that the gears of the American Eagle winch will not disengage without a slight reversal of the drive shaft. That is so, Barient asserts, because the winch is held in second gear by frictional resistance, particularly between the teeth on the face of the ring gear and those in the pedestal, which must be eliminated before the gears can shift. Guangorena described the required crank shaft rotation as "a very small angle of arc" and stated that it occurred "automatically" by "easing off pressure." Dann described such motion as "very trivial." Accepting Barient's assertion as fact *arguendo* (the district court made no findings in this regard), we reject Barient's argument. Returning to the specification's statement that one of the problems with the prior art winches was that "the gear change . . . is so simple that one of the gears can slip out of engagement whenever pressure is taken off the crank handle," the specification

makes clear that the very small angle of crank rotation which occurs upon release of pressure from the crank handle does not fall within the claim limitations. The claims clearly contemplate an affirmative act by the grinder to reverse the direction of the crank handle.

In sum, the American Eagle winches were erroneously held to anticipate the invention of claims 1 and 2 of the '580 patent.

IV

Turning to Claim 11 of the '881 patent, the district court held that the claim reads literally on the American Eagle winch. The '881 patent discloses a three-speed winch capable of operation either through the full three-speed range or through just the first two speeds. The American Eagle winch is a four-speed winch. The district court explained how the claims, written to encompass more than just the three-speed winch disclosed, could be read on the four-speed winch:

> There are three different drive trains capable of being automatically shifted on the American Eagle winch. They are second, third and fourth. (The winch includes a still higher speed drive train—first—which is not included in the automatic shift sequence.) Therefore, the comparison must be between first, second and third speeds of the 881 winch and second, third and fourth speeds of the American Eagle winch. While it is claimed by plaintiff that the terminology "first, second and third" refers to the three highest speeds, there is no support in the patent for this assertion. Since the '881 winch has only three speeds, the claim can be read on any consecutive set of three speeds of a winch which itself is capable of more than three speeds. In the American Eagle winch this would be the three speeds: second, third and fourth.

Slip op. at 33 n.4. Lewmar contends that the district court erred in interpreting the claim's first, second and third speeds to cover the second, third and fourth speeds of the American Eagle winch. Rather, Lewmar contends, the claim should be limited to cover only the first, second and third speeds of the American Eagle

winch. Lewmar relies on the testimony of the inventor Huggett to that effect. According to Huggett, it is clear from the disclosure that "first speed is the speed of least mechanical advantage." Indeed, the specification refers to the first speed as "the ratio of lowest mechanical advantage to the user," and "that of highest drive transmission between the drive input shaft and the drum and therefore of lowest mechanical advantage." But the specification also describes the third speed as "that of greatest mechanical advantage." Thus, applying Lewmar's analysis, the claim's third speed could only cover the fourth speed of the American Eagle winch. The specification provides no basis for Lewmar's argument. Nor are we persuaded that Huggett's testimony is sufficiently specific with respect to the meanings which should be given these words of the claims.

It is undisputed that the claim covers winches with greater than three speeds. Lewmar contends that the hold feature is used to restrict the winch to operation in the two highest speeds, the two fastest. The claim does not, however, explicitly limit its coverage to winches with a hold feature for the two highest speeds. Nor does the specification hint that the invention is limited to a winch with a hold feature for the two highest speeds. Lewmar does not even argue that the prosecution history contains such a limitation. In short, we agree with the district court that there is no basis in the record for the limitation urged by Lewmar.

That is not to say that the American Eagle winch anticipates claim 11. The last element of claim 11 requires:

> means unaffected by a first reversal of the direction of rotation of the drive input engaging said causing means and operable to override and prevent the engagement of said third train by said causing means *so that said first train is engaged upon said second reversal of direction of the drive input.* [Emphasis added.]

The district court defined "first train" to mean second speed of the American Eagle winch, "second train" to mean third speed of the American Eagle winch, and "third train" to mean fourth speed. Thus, the last element of the claim requires that the second reversal of direction of the drive input, at which time the winch is in third speed, cause the American Eagle winch to shift

to second speed. In other words, the hold feature of the claims requires that the American Eagle winch, to anticipate, automatically shift between second and third speeds. It is undisputed that it does not. Notwithstanding that the last limitation of claim 11 does not literally read on operation of the American Eagle winch, the district court held that the American Eagle winch's automatic operation between first and second speeds satisfied that limitation. That holding is wrong as a matter of law.[7]

Conclusion

We reverse the judgment of the district court insofar as it declares that claims 1 and 2 of U.S. Patent No. 3,927,580 and claim 11 of U.S. Patent No. Re. 30,881 are invalid for anticipation, and the case is remanded to the district court for further proceedings consistent herewith.

REVERSED-IN-PART AND REMANDED

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[7] We find no merit in Barient's derivation argument, which we note was not addressed by the district court.

District Court of the United States
for the District of Rhode Island
C. A. No. 83-0554 P

Lewmar Marine, Inc.

v.

Barient, Inc. and Barlow Marine Limited

OPINION

PETTINE, Senior Judge.

This patent infringement suit filed by Lewmar Marine, Inc. against Barient, Inc. and Barlow Marine Limited involves two U. S. Patents; one is for a three-speed manually operable automatic sheet winch, numbered 3,927,580 ("580" or "Fawcett" patent) filed November 6, 1973, and the other, also manually powered, is for a four-speed winch with a hold feature in speeds 1 and 2 and automatic shifting for speeds 2, 3 and 4, numbered 30,881 ("881" or "Huggett" patent), filed July 26, 1978. These are sailboat winches designed to accomplish faster, more efficient tacking and improved sail handling. The claims alleged to be infringed are Claims 1 and 2 of the "580" and Claim 11 of the "881" patent.

Parties

Lewmar Marine, Inc., a subsidiary of Lewmar Marine Limited, a British Corporation, is a Massachusetts Corporation with a principal place of business in Bristol, Rhode Island. Lewmar Marine, Limited makes the winches which are then sold and serviced by the plaintiff in Bristol.

Barient, Inc., a California Corporation, is a wholly-owned subsidiary of Barlow Marine Limited, an Australian company.

Jurisdiction and Venue

The action arises under the patent laws of the United States 35 U.S.C. §§ 101, *et seq*; jurisdiction is conferred by 28 U.S.C. § 1338(a); and venue is proper as to all parties pursuant to 28 U.S.C. § 1400(b) and § 1391(d).

Jurisdiction over defendant Barlow Marine Limited is contested.

Barient contends the action should be dismissed for failure to join Lewmar Marine Ltd. as a necessary party plaintiff.

Background

Though winches are generally used on boats of twenty or more feet to ease the burden of coping with the pressures exerted by the wind on the sails, they are of particular significance on racing yachts where fast, efficient tacking and sale handling is indispensable to success. The type of winches under discussion are used on a number of the boats that compete for the America's Cup. There are different types, but all are operated by turning a crank or handle, which is either at the top of the winch or on a separate pedestal connected to the winch from underneath. Cranking causes the winch, *i.e.*, drum, to turn and thus pull the rope, also referred to as a "line" or "sheet", wound around it. This rope is attached to a sail; as the winch is rotated, the rope is tightened. The end of the rope, as wrapped around the drum, is called the tail. A person, the "tailer", must constantly pull on the tail to maintain tension on the rope so as to keep it tightly wrapped around the drum. The winch must overcome increasingly high loads exerted by the sails, which can exceed 2000 pounds and increase to as much as 12,000 pounds or more. Because of the varying pressures, the efficiency of handling the sail is dramatically enhanced by having a winch that can respond immediately and automatically to the shifting wind pressures on the sails. At the start of hauling in a sail, it is loose or flapping; little force is needed to pull in the rope; at this point it should be done quickly and so the high speed of the winch is used. As the sail tightens, the force exerted to overcome the wind increases; this is accomplished by shifting the winch into different gears. The highest speed is at the start; the lowest at the end when the pressure is at maximum strength.

In this case, the cranking of the handle in different directions causes the winch to go from one speed to another. For example, the Fawcett winch will go successively from first to third speed; the Huggett winch will go successively from second to fourth

speed or can be "locked in" so as to go from first to second speed and, if desired, back to first and then again to second; that is, it can alternate between first and second speeds by merely changing the working direction. The Barient winches also shift through varying speeds but with a different mode of operation as will be described *infra*.

As discussed, the "tailer" must keep pulling on the rope. It is not uncommon for the "tailer" at the start, when the rope is slack, to pull it in at a rate faster than the drum is being cranked, As a result, the drum will spin faster than the cranker is cranking; this is called drum overrun. Prior to the patents in suit, such condition caused an accidential shifting of the winch to a lower gear. Efficiency, of course, required protection against overriding. However, such protection is not new; it was achieved in other patents prior to these at issue; indeed the parties concede that shifting gears upon handle reversal, automatic shifting through these gears, override protection and hold in first-second were all old in the art. The point here is that Lewmar contends that its 580 patent was the first to combine, in a single winch, override protection and automatic shifting through three gears upon crank reversal, and it further contends that its 881 Huggett reissued patent provided for the first time in a single winch the combination of automatic shifting through three gears on crank reversal and holdin-first and second.

Defendant Barient contends "[t]hat these features had all been combined before in a single winch [as will be seen, *infra*, defendants specifically refer to a so-called American Eagle Winch] long before the Lewmar patents, and that it was obvious to provide a single winch mechanism with these features", Post-trial Memorandum p. 17; thus, the patent is invalid and not infringed. The defendant also asserts the equitable defenses of laches, estoppel, intervening rights, and fraud on the patent office.

Jurisdiction

Before considering the merits of this case, I must address the two jurisdictional issues raised by the defendants Barient, Inc. and Barlow Marine Limited. Barlow Marine Limited contends that this Court lacks personal jurisdiction over it. Barient, Inc. claims

that the suit must be dismissed pursuant to Fed.R.Civ.P. 17 because it has not been prosecuted by the real party in interest, Lewmar Marine, Ltd.

As to the issue of personal jurisdiction over Barlow Marine Limited, an Australian corporation, this Court has previously considered that question and found sufficient minimum contacts upon which to exercise its jurisdiction. No new facts having been presented to me, I find no reason to reconsider my Memorandum and Order of August 2, 1984 and will rest my finding of personal jurisdiction on that order.

As to whether or not Lewmar Marine, Inc. is the real party in interest, this determination centers on its status in relation to Lewmar Marine Ltd. This jurisdictional issue involves the general subject of corporate alter ego. If Lewmar Marine, Inc. is the alter ego of Lewmar Marine Ltd., then it is a necessary party plaintiff under Fed.R.Civ.P. 17(a).[1]

Before undertaking this analysis, I must bear in mind that "[t]he standards for the application of alter ego principles are high, and the imposition of liability notwithstanding the corporate shield is to be exercised reluctantly and cautiously." 1 C. Van Swearinger, *Fletcher Cyclopedia of Corporations* § 41.10 at 397 (Penn. Ed. 1983). This treatise, in a later section, states that "[t]he control necessary to invoke the rule is not majority or even complete stock control, but such domination of finances, policies and practices that the controlled corporation has, so to speak, no separate mind, will, or existence of its own and is but a conduit for its principal." *Id* § 43.10. *See Botwinick v. Credit Exchange, Inc.*, 419 Pa. 65, 213 A.2d 349, 354 (1965).

Important factors to consider in an alter ego analysis are stock ownership, common directors or officers, loans from the parent, whether the parent caused the subsidiary's incorporation, under-capitalization of the subsidiary, whether the parent pays the subsidiary's debts, whether the subsidiary has business ties with only the parent, if the subsidiary is referred to as part of the parent

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[1] "Every action shall be prosecuted in the name of the real party in interest. . . ."

corporation, the parent's use of the subsidiary's property as its own, the officers of the subsidiary acting on orders from the parent which are in the parent's interest, and whether the formal legal requirements of the subsidiary corporation are not observed. *CM Corp. v. Oberer Development Co.*, 631 F.2d 536, 539 (7th Cir. 1980). "Stock control and common officers and directors are generally prerequisites to piercing the corporate veil." *Id.*

In Rhode Island, the rule is no different:

> The theory of corporate entity, fundamental as it is, should be disregarded only when the facts of a particular case warrant such disregard. In cases where the corporate entity has been disregarded, there has been some element which rendered it unjust and unequitable to consider the corporation attacked a separate entity. In none of these cases, without such element appearing, has the corporation entity been disregarded. *Alterio v. Baltimore Construction Corp.*, 377 A.2d 237, 241 (R.I. 1977) quoting *Vennerbeck & Clase Co. v. Joergens Jewelry Co.*, 53 R.I. 135, 138-39, 164 A. 509, 510 (1933).

Now turning to the present case, the evidence appeals to an alter ego finding; it caters to strong suspicions that Lewmar Marine Ltd. is the controlling corporate entity. The chairman and chief executive officer of Lewmar Marine Ltd. is a participant in the policy decisions of Lewmar Marine, Inc. Specifically, he is chairman and managing director of Lewmar Marine Ltd. and a director of Lewmar Marine, Inc. He made the decision to file this lawsuit and selected the attorneys to represent the companies. He admits to participating in the daily activities of Lewmar Marine, Inc.; that is, being involved with most of the managerial decisions, questions of policy and pricing of products. In addition, both companies sell the same products at the same price. Finally, Lewmar Marine Ltd. owns the inventory of winches in the United States as well as other property; for example, the patent at issue was not assigned to Lewmar Marine, Inc. until it was time to bring this suit and then it was done without consideration.

Is all of this evidence sufficient proof that Lewmar Marine Ltd. dominated the "finances, policies and practices" of Lewmar

Marine Inc. to the extent that it was nothing more than a mere conduit? Speculation could lead me to an affirmative conclusion, but I have only gaps in the hard evidence necessary for a logical resolution of the problem. Review of the criteria, to be considered in determining the separateness or homogeneity of these corporations, points up the lack of proof required to pierce the ostensible independence of each of these entities. The record before me is barren as to each of the factors listed *supra*. The role played by the chairman and chief executive officer of Lewmar Marine Ltd. in the affairs of Lewmar Marine, Inc., albeit an important one, is not enough. All we have is that he participated in the decision-making process. And though Lewmar Marine Ltd. owned the inventory of winches and did not assign the patent until the eve of this lawsuit, we do not know about other possible properties and their ownership. The belated assignment of the patent is troublesome, but even if that point was to be scored in favor of the defendant, it is not strong enough to carry the full weight of a finding that the true operation of these two corporations was not as distinct entities. I reiterate, "[t]he standards for the application of alter ego principles are high, and the imposition of liability notwithstanding the corporate shield is to be exercised reluctantly and cautiously." The motion to dismiss is denied.

The Patent

The 580 Patent-Fawcett

Though this has been covered in part, more specifically, this patent shifts automatically through the various speeds upon reversal of crank rotation, and will not inadvertently automatically shift upon drum overrun, or otherwise.

To accomplish the foregoing the winch utilizes, as the plaintiff states, "a unidirectional, automatically disconnecting drive means or clutch, and a unidirectional ratchet and pawl mechanism in the first speed drive train; the result is a three-speed automatic winch which, once it has been pre-set in the first speed, can be shifted out of first speed automatically *only* upon reversing crank rotation.

Prevention of drum overrunning is accomplished by the ratchet and pawl mechanism located between the disconnectable unidirectional drive clutch and the drum in the first speed drive train."

The 881 Patent-Huggett

The purpose of this patent is to provide a winch which can shift rapidly between first and second speeds (the testimony was that this was of particular importance for spinnaker work when sailing with the wind) and automatically shift through three speeds for tacking operations. In other words, this patent includes a three-speed drive train which enables the winch to shift automatically through three speeds but also includes a locking mechanism which engages a drive train so that the winch can be locked to shift automatically between only the first two of its speeds.

Defenses

The workings of the plaintiff's patents will be detailed as necessary in the discussion of the defense.

The prior art relied on by the defendants comprises the Barient Company Mark II/IV pedestal-driven winch system, Mark XII 2 + 2 winch, and the dropping pawl winch.

Barient argues, "[t]hrough the early 1960's, Barient developed a number of additional two speed winches of different sizes, and in 1964 Barient developed a four speed winch which is referred to as the "American Eagle" style of winch. This American Eagle style of winch was designed for a new 12 meter yacht, the American Eagle, which participated in the trials for the 1964 defense of the America's Cup. The structure and mode of operation of these American Eagle style winches will be discussed in more detail hereinafter, but is sufficient to say at this point that Barient contends that the four speed American Eagle winch had the automatic three speed shifting feature when the winch was operated through its second, third and fourth gears. The winch had the hold -in -first feature in the sense that the winch could be operated in the mode of first gear, second gear, first gear, second gear." Barient also contends that the winch had override protection in all four of its gear ratios and that the shifting between gears occurred upon crank reversal.

Thus, Barient argues that the Mark II/IV system anticipates the claimed inventions and that the Mark II/IV, the Mark XII winch and the dropping pawl winch render the inventions obvious. However, the defendants rest their entire case on the Mark II /IV Winch, *i.e.* the American Eagle style winch. As they say in their brief: "The seminal issue in the case is what impact, if any, do the Barient American Eagle style winches have on the validity of the Lewmar patents. On this issue hangs the entire fate of Lewmar's case. In a broad sense, resolution of this issue will determine whether or not the Lewmar patents are valid. Additionally, the relevance of the American Eagle to the Lewmar 580 patent is an important element to the laches defense, and the relevance of the American Eagle winches to the reissue patent is the key to the defense of fraud on the Patent Office."

Prior Art

It is clear from the foregoing that the defendants stand or fall on the American Eagle Winch and though the plaintiff says it is not that simple, it is, to this Court, the determinative resolving factor of the case.

If the American Eagle Winch, which was in public use years before the filing dates of the applications of the Lewmar patents, is prior art and did embody the inventions of these patents, then the claims at issue are invalid for anticipation under 350 U.S.C. § 103.

First it must be proven that the American Eagle Winch is prior art and was in public use more than one year prior to the filing dates of the Lewmar patents. That is was in public use years before the patent at issue can hardly be debated. In support of this position the defendants offer the following arguments: (1) the existence and date of the American Eagle Winch is conclusively proven by the illustration of it on the front cover of the yachting magazine of 1964 and the photograph inside the May 1964 issue of said magazine; (2) testimony relative to the engineering and manufacturing of it at Barient in 1964; (3) the testimony of one James Michael who owned such a winch; (4) and the testimony of Halsey Herreshoff who was the deck boss of the crew of the

American Eagle Yacht where the winches were installed back in 1964.

As to each of these contentions—

(a) it cannot be disputed that a winch was used on the American Eagle Yacht which was similar in appearance to the one exhibited in this court as the American Eagle Winch;

(b) Guangorena, the person in charge of engineering and manufacturing the American Eagle Winch, testified that the winch exhibited in this action was the one he built and originally delivered; he so concluded because the American Eagle Winch exhibited in this Court has all the component parts that were initially designed, and, with the exception of slightly more friction, operates in the same way as to the sequence of shifting gears and overrun protection; he also testified that the torsion spring (the description and significance of this spring will follow) was part of the American Eagle Winch, but that it was a purchased part for which no drawings were made;

(c) Michael, an attorney, distinguished yachtsman and incorporator of the Barient Company, illustrated and explained how the winch in court locked in speeds 1 and 2 and could alternate by merely reversing the direction of the handle, and that while in second speed, if there is a strain on the winch, and the foot lever on the side of the pedestal is pressed, the winch will drop into third speed by reversing the direction of the handle and by a second reversal go into fourth speed, and alternate between third and fourth; so one could go from second, to third and fourth automatically after a preselection with the foot lever; although he could not say that each gear, "and each piece of equipment involved inside the pedestal and the base and drum" were identical to the winch manufactured in 1963, he did testify that, "the configuration that you see in this courtroom, and the way the winch operates from one speed to another, is identical [to the winch that was installed on the American Eagle]";

(d) finally, Herreshoff testified in like manner.

The American Eagle Winch in court came off a boat called Barlovento, which was being refurbished. In 1964, when the winch was originally sold, it was one of two indentical winches—one of the two was installed on the Barlovento and the other on the American Eagle yacht as illustrated on the front cover of the yachting magazine; the winch on the American Eagle yacht was then transferred to the Barlovento so that it might have two identical winches.

The Plaintiff claims that the defendant's evidence is not credible proof that the winch in court operated in 1964 as demonstrated to me. To support this it looks to a winch exhibit 175, now on the yacht Kialoa II, which, they argue, was the style of winches existing in 1964 and is the type that was on the American Eagle yacht. The defendants do not deny that [s]imilar winches, (*i.e.* like the American Eagle Winch) were installed on the yacht Kialoa II. The plaintiff claims that the Kialoa Winch is not prior art because it is not automatic in third or fourth speed and has an overrun problem, and furthermore the Barlovento sister winch was tested and proven not to have override protection.

I cannot accept the position taken by the plaintiff. First, the defendants are not resting their case on the Kialoa; it may be a similar winch but as I understand the evidence there were only two identical winches; as already stated one went on the Barlovento and one on the American Eagle. If this is so, and I find no reason to question the evidence to this effect, then the American Eagle Winch in court has to be one of them and that is the focus of the debate. Furthermore, the defendants showed that the override protection did not work on the Kialoa because the torsion spring balancing the weight on one of the gears, identified as the ring gear, had been left out, and that the Barlovento sister winch did not operate with override protection because the chain in the winch was loose. I find the evidence in keeping with their argument.

To discredit an adversary's case is an intricate part of the adversary process; however, the fashion of such procedure is not boundless. Serious allegations of outright fabrication which, in essence, is the assertion of the plaintiff, should be made with care. Herreshoff, a distinguished yachtsman, Guangorena, the very

engineer and manufacturer of the winch, and Michael might have been mistaken, though I do not find they were, but I cannot accept they came into this courtroom and blatantly lied, as the plaintiff intimates. Nor can I accept that the defendants created false evidence.

In this segment of the debate there was much evidence concerning a torsion spring. This spring will be described later by the Court. Without this spring the American Eagle Winch would not operate with override protection and thus would not seriously anticipate the invention at issue. The planitiff claims the American Eagle Winch had no such spring—indeed, none existed in 1964. To prove its point that the torsion spring is of recent origin and that the American Eagle Winch cannot be viewed as prior art it offers the following:

1. Guangorena's testimony was wrong because:

(a) no manufacturing drawings or other documents exist which show such parts;

(b) the composite drawings of the American Eagle Winch, prepared in December 1983 for this lawsuit, do not include a torsion spring, and indeed where the torsion spring would be accepted, a mechanism termed a carrier shifter did not show any slot to accept such a spring;

(c) Guangorena in his deposition admitted that the Kialoa Winch was built like the American Eagle Winch and also identified some parts as missing from the Kialoa but in doing so, did not identify a torsion spring as missing;

(d) Barient repaired and rebuilt the Kialoa Winch in 1981 and at the time of said repairs did not include any torsion spring;

(e) the American Eagle Winch was rebuilt and reconditioned in January or February 1985 by Barient and had a "particularly", "clear and new" torsion spring; thus, it could only have been added recently (I cannot help but insert here that this is a serious allegation phrased rather ruthlessly.);

(f) it was conceded by the defendants' own witnesses that the American Eagle Winch in court operated stiffly in that the gears induced friction so as to enable it to stay in second speed with the foot pedal in low or when the drum was overrun in that situation;

(g) five winches like the American Eagle were located—two came from the yacht Kialoa II, two from a yacht Germania and one, which was one of two, came from the yacht Barlovento. All, except defendants' exhibit B, were incapable of staying in second speed with the pedestal in "low" and could not shift automatically through speeds 2, 3 and 4; all shifted inadvertently upon drum overrun;

(h) there is no clear and convincing evidence that exhibit B came from the yacht, American Eagle;

(i) it is illogical to accept Herreshoff's testimony that speed 1 was not used for tacking, where "speed would have been the overriding goal of the crew . . . "
Herreshoff did so testify).

The plaintiff has advanced provocative arguments and evidence challenging the existence of a torsion spring in the design and manufacture of the American Eagle Winch. However, it is not strange that no drawings can be produced which manifest such a spring or a slot to accept such spring; it is understandable not to have such a drawing since, as stated by Guangorena, it was a purchased part for which no drawings were made. I have no reason to disbelieve his testimony as to the existence of such a spring as part of the American Eagle Winch.

I am very sensitive to and acutely cognizant of the teachings of our highest court as cited by the plaintiff:

> granting the witnesses to be of the highest character, and conscientious in their desire to tell only the truth, the possibility of their being mistaken as to the exact device used, which, though bearing a general resemblance to the one patented, may differ from it in the very particular which makes it patentable, are such as to render oral testimony peculiarly unworthy . . .

Deering v. Winorra Harvester Works, 155 U.S. 286, 301 (1984).

Yet, I am clearly convinced the torsion spring was part of the manufacture and design of the American Eagle Winch in 1964. I must weigh the credibility of the witnesses who testified before me. In my judgment Guangorena, Michael and Herreshoff were impressive as they testified. They were forthright and assured—it was obvious that guile was no part of their makeup. Not intending to engage in a novel-like narration, I note that Herreshoff was particularly impressive. He demonstrated the operation of the American Eagle Winch with the spontaneity, command, vigor and assurance of a seasoned seaman who was once thoroughly familiar and trained in the operation of that particular winch. One almost sensed that in the brief moments of the demonstration he was reliving the exciting days of younger years as he raced the yacht American Eagle. His automatic reactions exhibited total honesty.

The testimony of the plaintiff's witnesses, Hovey, Robinson and Gundy was not convincing; much of it was based on after the fact conclusions, *i.e.,* they did not think the winch had the capability; it could not do it "that way"; if it could have been done that way, they guessed somebody would have figured it out; they did not think it could be done; it did not make any sense to do it; taking one's foot off deck to hit the pedal would be a "tough balancing act".

To me the defendants; evidence was clearly convincing evidence. I find there was a torsion spring on the original American Eagle Winch and that it did, indeed, have overrun protection.

I also find that the American Eagle Winch worked as a three speed automatic winch.

The plaintiff leans heavily if not entierly on the Kialoa Winch to disprove the automatic shifting of the American Eagle Winch. I find this reliance misplaced. The Kialoa Winch torsion spring was missing, and so, of course, it did not work in the same way; however, it did exist in all the others. Of greater importance, the mechanism to provide override protection did exist in all of them *i.e.,* a ratchet, a pawl and a spring. As the details of the patent are

discussed, this will become apparent. Though the presice elements and their operation will be set forth, *infra*, at this point I note that the American Eagle Winch has three ratchets. One is located at the very end of all the drive trains; all of the drive trains drive the drum through that ratchet. This ratchet is located in the gear marked "free spinning gear," and I agree with the defendants: it provides override protection and does so in the same way "that the ratchet provides override protection in the Lewmar Winches by preventing the drum from driving the gear train backwards from the drum end of the train to the input end."

Overall, I find that there is no debate that the following are common to both the Lewmar Winches and the American Eagle:

> (1) pre-selection for a three speed operation and automatic shifting through the three speeds—for Lewmar it is done for speeds 1, 2, 3 by pushing a push button, and for the American Eagle through speeds 2, 3, 4 by pushing a foot pedal while pressure is applied to the hands in second gear. The testimony and the court demonstrations clearly proved this. The automatic shifting in American Eagle was place in readiness through a compression spring; it pre-set the winch to shift at a later time.
>
> (2) Override protection—as explained, *supra*, existed in both. The fact it was lacking in Kialoa was because of the missing torsion spring; in the other Eagle style winch it was because of a loose chain; a third winch was not inspected.

With the foregoing established, it still remains to be seen if anticipation does not indeed exist. The plaintiff is correct in saying that under 35 U.S.C. § 102 anticipation, "must be proved clearly and convincingly." *Jamesburg Corp. v. Litton Products, Inc.*, 756 F.2d 1556, 1561 (Fed.Cir. 1985). It is not established unless each and every element of the invention, as defined by the claims, is found in exactly the same situation and united in the same way to perform the identical function in a single prior art reference. *E.g., Structural Rubber Products v. Park Rubber*, 749 F.2d 707, 715-716 (Fed.Cir. 1984).

Moreover, when a patent claim includes "means" elements, as does each claim here, the prior art must include a structure which

functions as required by the claim. *RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440, 1444 (Fed.Cir. 1984).

As the defendants put it, "[t]hat which infringes if later in time will anticipate if earlier than the patent.... The inquiry as to anticipation is symmetrical with the inquiry as to infringement of a patent." The classic test of anticipation provides: "That which will infringe, if later, will anticipate, if earlier." Thus a claim fails to meet the novelty requirement if it covers or reads on a product or process found in a single source in the prior art."

Anticipation—Infringement

It is clear the American Eagle Winch incorporates a torsion spring and a selector spring to effect its automatic three speed shifting operation. As has already been stated, the torsion spring, being a purchased part, was not depicted in any of the drawings. However, it was sketched, ex 174, and is part of the American Eagle Winch exhibited in court and asserted by the defendants as prior art to the 580 patent.

The selector spring is shown on the drawings of the American Eagle Winch and is identified (on plaintiff's exhibit 179) as item 47, a compression spring and as item 52, part no. B-12983, a selector spring; it is part of the American Eagle, Barlovento and Kialoa II winches. As we see it the selector spring pushes against the selector level, thus playing an important role in shifting to the various speeds in the American Eagle Winch. The torsion spring, as Guangareno testified, is approximately 2 inches in length and is comprised of ⅛ inch diameter steel wire wound around the hub of the bell crank. It has six turns as shown by drawing 174, and its arm is inserted into the carrier shifter so as to provide, if in proper adjustment, a counterbalance to the weight of the gears so as to prevent them from falling from the upper to the lower position by the force of gravity alone.

As I have already explained, the three speed automatic shifting of the American Eagle winch involves speeds 2, 3 and 4. With the winch being operated in speed 2, the foot pedal is pressed to the low speed range and the winch will continue in speed 2 as long as there is tension on the crank handles. The torsion spring exerts a counterbalancing force on the planetary gears to prevent them

from dropping down and causing engagement of the low speed range gear train. When the tension on the winch handles is removed or the direction of cranking is reversed, the selector/compression spring (compressed during pedal depression to low speed range) exerts sufficient force on the selector level/carrier shifter to cause the planetary gears to drop down into the low speed range position; the winch on this reversal goes into speed 3 and a further reversal causes the winch drum to turn as speed 4, thus completing the automatic three speed shifting cycle from second to third to fourth.

Without the torsion spring, the winch would not be able to shift automatically through a three speed range. Instead the shifting would be automatic only through speeds 3 and 4 since the instant the foot pedal was depressed to select the low range, the planetary gears would drop by their own weight to cause engagement of the low speed (¾) range. Therefore, the properly adjusted torsion spring is a necessary component to allow automatic shifting over a three speed range. Indeed, the absence of the torsion spring in the Barlovento and Kialoa II winches exhibited here rendered those winches incapable of three speed automatic shifting. The presence of the torsion spring in the Amercian Eagle winch allowed that winch to shift automatically through three speeds (2, 3, and 4) on depressing the foot pedal to low while maintaining tension on the crank handles in second speed and then reversing cranking direction (to third speed) and reversing once again (to fourth speed).

Reading the claims of the 580 patent and of the 881 reissued patent on the American Eagle winch (MKII/IV), plaintiff has offered exhibits 176-178 as arguement that (with respect to Claims 1 and 2 of the 580 patent) the American Eagle winch would not have infringed on the 580 patent or 881 reissued patent if later in time and, therefore, would not have anticipated that patent if earlier. Defendants have advanced the arugment (exhibits AF-1, 2, 3 and 4) that the American Eagle winch would have infringed on the 580 patent and the 881 reissue patent if later in time, and therefore would have anticipated it if earlier. It is the opinion of this Court that the readings offered by the defendants (and explained in detail below) are the more correct readings.

Considering Claim 1 of the 580 patent and comparing it to the MKII/IV (American Eagle) winch:

Claim 1 580 Patent	American Eagle (MK II/IV)
1. A winch in which there are more than two drive trains between a drive shaft and the winch drum offering respectively different drive ratios of drive of the drum in one sense of rotation,	A winch in which there are more than two drive trains(2) (in which as viewed in toto and as depicted in defendants' exhibit AE 1-4) between a drive shaft (in one pedestal) and the winch drum (in a second pedestal) offering respectively different drive ratios of drive of the drum in one sense of rotation,
at least one of the driving trains having a disconnectable drive means,	at least one of the driving trains having a disconnectable drive means (the teeth on the ring gear and pedestal and the preselector foot pedal #67),
the ratios being successively engageable by successively opposite directions of rotation of the drive shaft,	the ratios being successively engageable (speeds 1 to 2; speeds 3 to 4; or speeds 2 to 3 to 4) by successively opposite directions of rotation of the drive shaft (by cranking in successively opposite directions with preselector foot pedal in high or low range).
a preselector operable to determine which one of two of the said drive ratios engageable upon a given said direction of rotation of the drive shaft will be engaged,	a preselector (foot pedal) operable to determine which one of two (high or low) of said drive ratios engageable upon a given said direction of rotation of the drive shaft will be engaged (high = speeds 1 and 2; Low = speeds 3 and 4),
the preselector being thus operable by causing connection or disconnection of the disconnectable drive means in one of the said drive trains, and	the preselector (foot pedal) being thus operable by causing connection or disconnection of the disconnectable drive means (teeth on ring gear and pedestal) in one of the said drive trains, and

Claim 1 580 Patent	American Eagle (MK II/IV)
means automatically to disconnect the disconnectable drive means only upon the reversal of the drive shaft from the given said direction of rotation.	means automatically (the compression spring and carrier shifts acting on the planetary gears counter-balanced by the torsion spring) to disconnect the disconnectable drive means (teeth on ring gear and pedestal(2) upon the reversal of the drive shaft from the given said direction of rotation.

(2) The fact that the American Eagle (MKII/IV) winch is comprised of two pedestals (one for driving i.e. cranking, and the other for the driven means, i.e. the winch drum) and a chain drive between the shafts of each pedestal does not automatically preclude it from infringing on, if later, or anticipating, if earlier, the 581 or 881 winch which has both driving and driven elements in one pedestal. The elements of power trains, transfer of power from one shaft to another, and incorporation of driving and driven elements on one shaft have been with us since the days of the Industrial Revolution.

(3) The word "only" is used in an operational sense, i.e., where the winch is being operated (with tension on the handles) the disconnectable drive means will automatically disconnect *only* on crank reversal. The fact that disconnection did occur with release of tension on the handles and without crank reversal on the American Eagle winch exhibited in court has been satisfactorily explained as having been due to improper adjustment of the torsion spring. Even without that explanation, this disengagement absent crank reversal would not have occurred in the operation of the winch with a load on the sheet or line being winched in.

Thus the American Eagle winch infringes on, if later, and anticipates, if earlier, the 580 patent as to Claim 1 of that patent.

Considering Claim 2 of the 580 patent and comparing it to the MKII/IV (American Eagle) winch:

Claim 2 580 Patent	MKII/IV (American Eagle) Winch
2. A multispeed winch having a static body,	A multispeed winch (speeds 1, 2, 3 and 4 in two speed ranges) having a static body (#1).
a drum,	a drum (#68),
bearing means supporting the drum on the body for rotation about an axis of rotation,	bearing means (#25) supporting the drum on the body for rotation about an axis of rotation,
a drive shaft,	a drive shaft (#30),
bearing means supporting the drive shaft in the body for rotation about the same axis of rotation,	bearing means (#9) supporting the drive shaft in the body for rotation about the same axis of rotation (a parallel axis of rotation with the drive shaft and drum in separate pedestals.
a plurality of drive linkages between the shaft and the drum operable to drive the drum in a single sense of the rotation at different speeds upon successive rotation of the drive shaft at the same speed in successively opposite senses of rotation,	a plurality of drive linkages (as depicted in defendants' exhibits AE 1-4) between the shaft and the drum operable to drive the drum in a single sense of rotation at different speeds upon successive rotation of the drive shaft (#30) at the same speed in successively opposite senses of rotation,
one of the drive linkages including a manually engageable coupling means having engageable driving and driven members whose engagement constitutes engagement of the coupling, in which condition the driving member is arranged to drive the driven member unidirectionally in a driving sense of rotation upon relative rotation of the driving and driven members in one direction of rotation,	One of the drive linkages (2nd speed on AE 2) including a manually engageable coupling means (the teeth on the ring gear and pedestal upon depression or preselector foot pedal to low) having engageable driving (teeth on ring gear) and driven members (teeth on pedestal) whose engagement constitutes engagement of the coupling in which condition the driving member is arranged to drive the driven member unidirectionally in a driving sense of rotation upon relative rotation of the driving and driven members in one direction of rotation,

Claim 2 580 Patent	MKII/IV (American Eagle) Winch
the driving member, at least when the coupling means is engaged, being operatively connected to the drive shaft for rotation when the drive shaft rotates in either sense, and	the driving member (ring gear), at least when the coupling means is engaged, being operatively connected to the drive shaft (#30 by the planets and planet carrier) for rotation when the drive shaft rotates in either sense, and
means for automatically disengaging the coupling only when the drive shaft rotates in one sense of rotation relative to the static body of the winch,	means for automatically (after depressing preselector foot pedal to low while maintaining tension on handles the selector spring and carrier shifter acting on the planetary gears counterbalanced by the torsion spring) disengaging the coupling only (see footnote 2 to Claim 1 supra) when the drive shaft rotates in one sense of rotation relative to the static body of the winch,
the drive linkage in at least the highest of the drive ratios including a unidirectional drive means oriented to prevent relative rotation of the driving and driven members in the sense opposite to the said one direction of rotation by the drum through that linkage.	the drive linkage in at least the highest of the drive ratios including a unidirectional drive means oriented to prevent relative rotation of the driving and driven members in the sense opposite to the said one direction of rotation by the drum (the override protection is provided by the ratchet pawls in the output) through that linkage.

Thus, the American Eagle winch infringes on, if later, and anticipates, if earlier, the 580 patent as to Claim 2 of that patent.

Considering Claim 11 of the 881 reissue patent and comparing it to the MKII/IV (American Eagle) winch:

Claim 11 881 Reissue Patent	MKII/IV (American Eagle Winch)
11. A manually powered winch comprising:	A manually powered winch comprising:
a winch drum rotatable about a central axis,	a winch drum (#68) rotatable about a central axis,
drive input,	drive input (#30),
at least first, second and third drive trains of respectively different drive ratios between the drive input and winch drum,	at least second, third and fourth (4) drive trains (see AE 2-4) of respectively different drive ratios between the drive input and winch drum,
means for causing successive driving engagement of said second drive train and disengagement of said first drive train upon a first reversal of direction of rotation of drive input, and	means (selector spring and carrier shifter acting on planetary counter-balanced by torsion spring after shifting foot pedal to low range while maintaining tension on handles while in second speed) for causing successive driving engagement of said third (speed) drive train and disengagement of said second (speed) drive train upon a first reversal of direction of rotation of drive input, and
driving engagement of said third drive train and disengagement of said second drive train upon a second reversal of direction of rotation of the drive input to drive the drum in one direction of rotation, and	driving engagement of said fourth (speed) drive train and disengagement of said third (speed) drive train upon a second reversal of direction of rotation of the drive input to drive the drum in one direction of rotation, and

Claim 11 881 Reissue Patent	MKII/IV (American Eagle Winch)
means unaffected by first reversal of the direction of rotation of the drive input engaging said causing means and operable to over-ride and prevent the engagement of said third train by said causing means so that said first train is engaged upon said second reversal of direction of the drive input.	means unaffected by first reversal of the direction of rotation of the drive input engaging said causing means and operable to over-ride and prevent the engagement of said fourth (speed) train by said causing means so that said second train is engaged upon said second reversal of direction of drive input (The preselector foot pedal allows locking in of the high speed range speeds 1 and 2.).

(4) There are three different drive trains capable of being automatically shifted on the American Eagle winch. They are second, third and fourth. (The winch includes a still higher speed drive train—first—which is not included in the automatic shift sequence.) Therefore, the comparison must be between first, second and third speeds of the 881 winch and second, third and fourth speeds of the American Eagle winch. While it is claimed by plaintiff that the terminology "first, second and third" refers to the three highest speeds, there is no support in the patent for this assertion. Since the 881 winch has only three speeds, the claim can be read on any consecutive set of three speeds of a winch which itself is capable of more than three speeds. In the American Eagle winch this would be the three speeds: second, third and fourth.

Thus the American Eagle winch infringes on, if later, and anticipates, if earlier, the 881 reissue patent as to Claim 11 of that patent.

I find that Claims 1 and 2 of the 580 patent and Claim 11 of the reissue patent are invalid for anticipation because of the American Eagle winch.

The issue of infringement of the 580 patent and the 881 reissue patent by the Barient Model 36 winch was the original question to be determined in this trial. Having ruled that there was, indeed, anticipation of these Lewmar patents by the Barient American Eagle winch, the question of infringement becomes moot. it would, however, be proper to address the infringement issue in this opinion (albeit with more brevity than with which the court

addressed the anticipation issue supra) so as to aid disposition of this case in the event of appeal.

The Barient Model 36 is a winch similar in its external apperance to the Lewmar (580 and 881) winches. It allows automatic shifting through three speeds by reversing the direction of cranking and has a selector which will lock out one of the speed ranges. The Model 36 also has override protection so that shifting occurs only on crank reversal. In these ways the functioning of the Model 36 is similar to the functioning of the 580 and 881 winches.

Examination of the specific elements of Claims 1 and 2 of the 580 patent and Claim 11 of the 881 reissue patent indicates that the Model 36 winch reads directly on each and every element of those claims. Since the Model 36 winch designed, manufactured and sold by defendant came later than the 580 patent and 881 reissue patent, the Model 36 does, indeed, infringe on those patents.

The question of validity having been determined, I do not reach the special defenses of laches, estoppel and intervening rights; nor do I need to resolve the claims of fraud on the patent office, that reissue Claim 11 is invalid because it is not directed to the same invention and patent misuse.

If the appellate court should find the patent valid and infringed then these remaining issues can be decided by this Court without any further evidentiary hearing.

An order will be prepared in keeping with this opinion.

So Ordered.

RAYMOND J. SETITINE
Senior Judge

May 19, 1986

DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF RHODE ISLAND

C.A. No. 83-0554 P

LEWMAR MARINE, INC.

v.

BARIENT, INC.

ORDER

In this patent infringement suit, the validity of two U.S. Patents was resolved by this Court in an opinion filed and dated May 19, 1986. In said opinion, I stated that because validity had been determined, I did not need to consider the defendant's claim that the plaintiff had committed a fraud on the Patent Office. The defendant now moves for a ruling on this issue citing: *S.C. Johnson & Son, Inc. v. Carter-Wallace*, 781 F.2d 198 (Fed.Cir. 1986); *Standard Oil Company v. American Cyanamid Company*, 774 F.2d 448 (Fed.Cir. 1985); *Korody-Colyer Corp. v. General Motors Corp.*, 760 F.2d 1293 (Fed.Cir. 1985).

I find nothing in said authorities mandating the resolution of the defendant's motion at this time; accordingly, the same is passed.

By Order,

JANICE L. CAVACO
Deputy Clerk

Enter:

RAYMOND J. SETITINE
Senior U.S. District Judge

July 9, 1986

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

C.A. No. 83-0554-P

LEWMAR MARINE, INC.

V.

BARIENT, INC. and
BARLOW MARINE LIMITED

FINAL JUDGMENT

This action came on to be tried before the Court, and the Court having made its findings of facts and conclusions of law, it is hereby

Ordered and Adjudged that claims one and two of United State Letters Patent No. 3,927,580 and claim eleven of United States Letters Patent No. RE30,881 are invalid but, if valid, infringed, and that defendants recover their costs.

BY ORDER:

CONCETTA R. ZINNI
Deputy Clerk

ENTER:

RAYMOND J. SETITINE
Senior Judge

Date: 7/14/86

United States Court of Appeals for the Federal Circuit
Appeal Nos. 86-1412 86-1619

Lewmar Marine, Inc.,
Appellant,
v.
Barient, Inc. and Barlow Marine, Ltd.,
Appellees.

Judgment

ON APPEAL from the United States District Court for the District of Rhode Island in CASE NO(S). 83-0554 P

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED: reversed-in -part and remanded

Dated August 25, 1987

Entered by Order of the Court

FRANCIS X. GINDHART
Francis X. Gindhart, *Clerk*

Issued as a madate: September 8, 1987

Attest: September 8, 1987

BETTY A. McKINNON
Deputy Clerk

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

United States Court of Appeals
for the Federal Circuit

Appeal Nos. 86-1412
86-1619

District Court No. CA 83-0554 P

Lewmar Marine, Inc.,
Appellant,

v.

Barient, Inc. and Barlow Marine, Inc.,
Appellees.

Before NIES, BISSELL and ARCHER, *Circuit Judges.*
NIES, *Circuit Judge.*

ORDER

Consideration has been given to the pending motion for costs filed October 2, 1987, by Lewmar Marine, Inc. and to the opposition thereto of appellees (Barient).

In its opposition Barient states *inter alia*:

> Presumably, the District Court on remand will have to apply the criteria of 35 USC § 103 and the rule, "That which would infringe (under the doctrine of equivalence), if later, will invalidate if earlier."

This court did not so hold, and it would be misleading and could cause confusion of the trial court on remand to advance that argument. Any issue of obviousness must be resolved in accordance with *Graham v. John Deere*, 383 U.S. 1 (1966), and precedent of our court on 35 U.S.C. § 103.

Further, this court made no ruling on the issue of obviousness under 35 U.S.C § 103 in this case. Indeed, this court did not

determine that the issue remained in the case for decision on remand. That is a matter for the trial court to determine.

With respect to costs, Lewmar is a prevailing party and is entitled to its reasonable costs. Barient properly objected to the excessive content of the appendix prior to is preparation. We conclude that Lewmar's costs are excessive.

ACCORDINGLY, IT IS ORDERED THAT:

Appellant is entitled to costs in the amount of $3000.00.

Dated: October 16, 1987

FOR THE COURT

HELEN W. NIES
Helen W. Nies
Circuit Judge

cc: Lars I. Kulleseid, Esq.
Karl A. Limbach, Esq.